BEFORE THE

PUBLIC SERVICE COMMISSION

OF SOUTH CAROLINA

Docket No. 2009-144-C Order No. 2009-

IN RE:)	
Application of TracFone Wireless,)	ORDER DENYING
Incorporated For Designation as an)	DESIGNATION AS AN
Eligible Telecommunications Carrier in)	ELIGIBLE TELECOMMUNICATIONS
the State of South Carolina for the)	CARRIER
Limited Purpose of Offering Lifeline)	
Service to Qualified Households)	

This matter comes before the Public Service Commission of South Carolina ("Commission") pursuant to the petition filed on April 1, 2009 ("Application") by TracFone Wireless, Incorporated ("TracFone" or "the Company") for designation as an eligible telecommunications carrier ("ETC") in the State of South Carolina for the limited purpose of offering Lifeline and Link Up Service to qualified households. TracFone later amended its request to only offer Lifeline service. TracFone filed its application pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended (the "Communications Act"), S.C. Code §58-11-100, and S.C. Reg. 103-690.²

The Commission instructed TracFone to publish, one time, prepared Notices of Filing in newspapers of general circulation in the areas affected by the Application. No petitions to intervene were filed. The South Carolina Office of Regulatory Staff ("ORS") was a party pursuant to statute.

The public hearing was held on September 3, 2009, at 2:30 p.m. in the Commission's Hearing Room, with the Honorable Elizabeth B. Fleming, Chairman, presiding. Randall Dong Esquire served as legal counsel to the Commission. Oral arguments were heard prior to the merits hearing. At the

¹ The Direct Testimony of F.J. Pollack. Page 3, lines 4,5.

² TracFone's Application. Page 1. Chapter 11 of Title 58 is entitled "Radio Common Carriers."

hearing, Jeremy Hodges, Esquire, and Mitchell Brecher, Esquire, represented TracFone. The Company presented the testimony of F. J. Pollack. C. Lessie Hammonds, Esquire, and Nanette S. Edwards, Esquire represented ORS. ORS presented the testimony of James M. McDaniel.

BACKGROUND

TracFone is incorporated under the laws of the State of Delaware and is headquartered at Miami, Florida. The Company is a reseller of commercial mobile radio service ("CMRS") in South Carolina and throughout the United States. TracFone has no employees or facilities in the State.

TracFone applied for ETC designation solely to utilize federal universal service fund ("USF") funding to provide Lifeline services to qualified low income customers. The Company did not seek federal high cost support. TracFone's authorized service area covers the telephone company service areas of all incumbent local exchange carriers ("ILECs") operating in South Carolina. TracFone is seeking ETC designation in both rural and non-rural areas within the State of South Carolina.

ORAL ARGUMENT

The Commission heard oral argument on the legal issue of whether, under applicable law, TracFone should be required to contribute to the State Universal Service Fund ("State USF") as a condition to being designated as an ETC for the limited purpose of providing Lifeline service.

TracFone asserted that this Commission does not have authority to require the Company to contribute to the State USF. Furthermore, it argued that even if this Commission did have the authority, the Company should not be required to contribute to the State USF. TracFone's main argument relied on terms contained in Section 58-9-280(E). The Company argued this Commission's authority was limited as the statute only requires a "provider of radio-based local exchange service" or a "provider of private local exchange service" to contribute to the State USF. TracFone asserts

that its services do not fall into either of those two categories; therefore, the Company cannot be required to contribute to the State USF. ORS countered, providing specific reference to Section 58-9-280(E)(3) which clearly states the Commission shall require any company providing telecommunications service to contribute to the USF if, after notice and opportunity for hearing, the Commission determines that the company is providing private local exchange services or radio-based local exchange services in this State that compete with a local telecommunications service provided in this State. ORS drew the Commission's attention to Section 58-11-100(E) and explained this section allows the Commission to apply the same "rules, requirements, or standards that are generally applicable to carriers that are subject to alternative regulation" to commercial mobile service providers, like TracFone, "that operate as eligible telecommunications carriers."

TracFone also argued that even if the Commission could require the Company to contribute to the State USF, which it claimed was outside the Commission's authority, the Commission should not require TracFone to contribute since the Commission would effectively be requiring the Company to contribute twice to the State USF. TracFone stated that to receive the maximum allowable Lifeline support from the federal USF, the Company must provide the entire \$3.50 of additional Lifeline support per customer per month from its own resources. TracFone argued that it is not eligible to receive the \$3.50 per month for each Lifeline customer from the State USF; therefore, its \$3.50 per month should be the only "contribution" it is required to make to the State USF. TracFone stated that to require it to contribute to the State USF would be discriminatory in that no other South Carolina ETC contributes to the State USF if it does not receive funds from the State USF. ORS explained that, in fact, several competitive ETCs providing Lifeline service are also required to contribute to the State USF. ORS further explained that since TracFone's stated revenue for Lifeline (SafeLink)

service would be zero dollars, then it would not be required to contribute to the State USF for revenues related to Lifeline/SafeLink. TracFone would however, be required to contribute to the State USF for those revenues collected from its other South Carolina customers which is consistent with the requirements placed by this Commission on all other competitive ETCs.

Finally, TracFone stated that this proceeding is governed by Section 214(e)(2) of the Communications Act which provides the Commission the authority to designate eligible telecommunications carriers. TracFone appeared to argue that this Commission is limited to an analysis of whether the applicant has met the requirements of Section 214(e)(1)(A) and (e)(1)(B) of the Communications Act and as a result, that this Commission should not even consider imposing a State USF contribution requirement in this proceeding notwithstanding the Commission's prior orders.

The argument that this Commission cannot impose any requirements in addition to those required by the FCC is incorrect. ORS notes that both state and federal law permit the Commission to consider and impose requirements on those carriers seeking to be an ETC in South Carolina. Section 254(f) provides that a state may adopt regulations not inconsistent with the FCC's rules to preserve and advance universal service. Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State, to preserve and advance universal service in that State.

APPLICABLE LAW

A. Federal Statutory Requirements

In Section 214(e)(2) of the Federal Act, Congress authorized state commissions to designate a common carrier as an ETC if the carrier met the requirements of Section 214(e)(1). Section

214(e)(1)(A) of the Communications Act requires that ETCs shall offer services, at least in part, over its own facilities. Section 54.201(i) prohibits state commissions from designating as an ETC a telecommunications carrier that offers services exclusively through the resale of another carrier's services. However, the Company petitioned the FCC for a waiver of the facilities-based service requirement, and on September 8, 2005, the FCC granted the request in the TracFone Forbearance Order, subject to conditions.³ One such condition is that TracFone must obtain a certification from each Public Service Answering Point ("PSAP") where TracFone provides Lifeline service confirming that TracFone provides Lifeline customers with basic 911 and enhanced 911 access regardless of activation status and availability of prepaid minutes. The Company filed a petition with the FCC to modify the PSAP certification condition. The FCC granted TracFone's request and modified the PSAP certification to require that the Company must request the certification from each PSAP within its Lifeline service area, however, if within 90 days of TracFone's request, a PSAP has not provided the certification and the PSAP has not made an affirmative finding that the Company does not provide its customers with access to 911 and enhanced 911 service within the PSAP's service area, TracFone may self-certify that it meets the basic and enhanced 911 requirements.

Section 214(e)(1) further provides:

(1) Eligible Telecommunications Carriers

A common carrier designated as an eligible telecommunications carrier under paragraph (2), (3), or (6) shall be eligible to receive universal service support in accordance with section 254 and shall, throughout the service area for which the designation is received —

(A) offer the services that are supported by Federal universal service support mechanisms under section 254(c), either using its own facilities or a combination of its own facilities and resale of another

³ Petition of TracFone Wireless, Inc. for Forbearance from 47 USC § 214(e)(1)(A) and 47 CFR § 54.201(i), 20 FCC Rcd 15095 (2005) ("TracFone Forbearance Order").

carrier's services (including the services offered by another eligible telecommunications carrier); and

(B) advertise the availability of such services and the charges therefore using media of general distribution.

A telecommunications carrier may be designated as an ETC, and receive universal service support, so long as it offers, within a service area, the services that are supported by federal universal service support mechanisms under Section 254(c) of the Act, and so long as it adequately advertises the availability of, and the charges for, such services. The Commission notes that TracFone bears the burden of proving it has met each of the necessary elements required for ETC designation.

1. Service Area

TracFone is required to describe the geographic areas within which it requests designation as an ETC since it is not a rural telephone company. The Company has requested ETC designation for its entire service area in South Carolina. Therefore, TracFone seeks ETC designation throughout the entire State of South Carolina. The Commission may designate TracFone as an ETC in non-rural areas that it serves without redefining the service area of non-rural telephone companies. The Commission may designate TracFone as an ETC in rural telephone company service areas only upon a finding that such designation would serve the public interest.⁴

2. Required Service Offerings

The services to be supported by the USF under Section 254(a) are principally enumerated in Section 54.101(a) of the FCCs Rules, 47 CFR 54.101(a), as follows:

- (a) Voice grade access to the public switched network:
- (b) Local usage;

⁴ 47 C.F.R. § 54.207(c)

- (c) Dual tone multi-frequency signaling or its functional equivalent;
- (d) Single-party service or its functional equivalent;
- (e) Access to emergency services;
- (f) Access to operator services;
- (g) Access to interexchange service;
- (h) Access to directory assistance; and
- (i) Toll limitation for qualifying low-income consumers.

Additionally, FCC rules obligate an ETC to provide the low income support programs known as Lifeline and Link-Up and advertise the availability of those services in a manner reasonably designed to reach those likely to qualify for them. (47 C.F.R. §§ 54.405 and 54.411)

3. Required Advertising

In addition to the service offerings required by Section 214(e)(1)(B) of the Federal Act, FCC rules (CFR Parts 54.405 and 54.411) provide that an ETC must also publicize the availability of Lifeline services "in a manner reasonably designed to reach those likely to qualify for the service."

B. The FCC's ETC Order⁵

On March 17, 2005, the FCC issued its ETC Order, to clarify existing requirements and impose additional federal requirements that the FCC will use in evaluating future federal applications for ETC designation. The FCC described its additional guidelines, codified at 47 CFR §54.202, as "the minimum requirements" it would use in designating a carrier as an ETC, and urged that state commissions apply these guidelines in their evaluation of ETC applications properly before such

⁵ In the Matter of Federal- State Joint Board on Universal Service, Report and Order, CC Docket No. 96-45 (rel. March 17, 2005). (the "ETC Order").

commissions. However, the FCC did not obligate state commissions to employ the additional guidelines. ETC Order at paragraphs 58-64.

Generally speaking, the additional FCC guidelines require that an ETC applicant demonstrate: (1) a commitment and ability to provide services, including service to all customers within its proposed service area; (2) that it will remain functional in emergency situations; (3) that it will satisfy consumer protection and service quality standards; (4) that it offers local usage comparable to that offered by the ILEC; and (5) an understanding that it may be required to provide equal access if all other ETCs in the designated service area relinquish their designations pursuant to section 214(e)(4) of the Federal Act. Further, the FCC augmented its existing annual certification and reporting requirements, to further the FCC's goal of ensuring that ETCs provide supported services throughout their service territories. Moreover, the FCC expanded its view of the public interest requirement for additional ETCs.

In its Order No. 2007-424, the Commission held it would be informed by the May 25, 2005, FCC guidelines, but not controlled by them. In addition, the Commission must also examine guidelines established by prior Commission Orders. Further the Commission held the pubic interest should be paramount in our consideration of all ETC applications.

Although the additional requirements in the ETC Order are not binding on the Commission, we will consider them in this proceeding.

1. Specific Additional FCC Performance Requirements

First, pursuant to the ETC Order, an ETC applicant shall commit to providing service throughout its proposed designated service area to all customers making a reasonable request for service. 47 CFR §54.202(a)(1)(A).

The FCC also expects an applicant to demonstrate its ability to furnish services to all customers in the foreseeable future. Thus, an ETC applicant shall submit to the FCC a five-year plan describing, with specificity, proposed improvements or upgrades to the applicant's network on a wire-center by wire-center basis throughout its proposed designated service area. However, the Commission regulations provide that for a carrier seeking ETC designation for the sole purpose of participation in the Lifeline and Link Up programs, a two-year plan is required.

Second, the ETC Order obliges an applicant to demonstrate its ability to remain functional in emergency situations.

Third, an ETC Applicant shall demonstrate that it will satisfy applicable consumer protection and service quality standards. 47 CFR §54.202(a)(3).

Fourth, an ETC Applicant shall demonstrate that it offers a local usage plan comparable to the one offered by the ILEC in the service areas for which it seeks designation. The FCC has not adopted a specific local usage threshold.

Fifth, an ETC Applicant shall certify its acknowledgement that the FCC or Commission may require it to provide equal access to long distance carriers if no other ETC is doing so within the service area. ETC Order at Paragraph 35; 47 CFR §54.202(a)(5).

2. Additional FCC Certification and Reporting Requirements

In Paragraph 69 of its ETC Order, the FCC identified the following additional annual reporting and certification requirements for ETCs (some of which simply require annual certification of existing ETC performance requirements):

a) progress reports on the ETCs five-year service quality improvement plan, including maps detailing progress towards meeting its plan targets, an explanation of how

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> much universal service support was received and how the support was used to improve signal quality, coverage, or capacity; and an explanation regarding any network improvement targets that have not been fulfilled. The information should be submitted at the wire center level;

- b) detailed information on any outage lasting at least 30 minutes, for any service area in which an ETC is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect at least ten percent of the end users served in a designated service area, or that potentially affect a 911 special facility (as defined in subsection (e) of section 4.5 of the Outage Reporting Order). An outage is defined as a significant degradation in the ability of an end user to establish and maintain a channel of communications as a result of failure or degradation in the performance of a communications provider's network. Specifically, the ETCs annual report must include:

 1) the date and time of onset of the outage; 2) a brief description of the outage and its resolution; 3) the particular services affected; 4) the geographic areas affected by the outage; 5) steps taken to prevent a similar situation in the future; and 6) the number of customers affected;
- c) the number of requests for service from potential customers within its service areas that were unfulfilled for the past year. The ETC must also detail how it attempted to provide service to those potential customers;
- d) the number of complaints per 1,000 handsets or lines;
- e) certification that the ETC is complying with applicable service quality standards and consumer protection rules, e.g., the CTIA Consumer Code for Wireless Service;
- f) certification that the ETC is able to function in emergency situations;
- g) the amount of USF funding received by TracFone during the reporting period;

- h) certification that the ETC is offering a local usage plan comparable to that offered by the incumbent LEC in the relevant service areas; and
- i) certification that the carrier acknowledges that the Commission may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area.

The FCC encouraged state commissions to adopt the foregoing reporting requirements and to apply them to all ETCs, not merely competitive ETCs. The Commission requires ETCs to file these reports with the ORS.

3. The Public Interest Requirement

Section 214(e)(2) of the Federal Act requires a finding that additional ETC designations be in the public interest.

C. South Carolina Requirements

In addition to federal requirements, there are state requirements to be met before being designated as an ETC in the state. As cited in the Company's Application, certain state statutes and Commission regulations retain authority by which a carrier must submit when seeking ETC status in South Carolina.⁶

The Commission set out requirements for the initial designation of South Carolina ETCs in 26 S.C. Code Reg. 103-690. Pursuant to 26 S.C. Code Reg. 103-690(C)(a), the Commission may designate a carrier as an ETC that meets all requirements in that section, and the public interest standard in subsection (b) of that section. S.C. Code Ann. § 58-11-100 and S.C. Code Ann. § 58-9-

⁶ Page 1 of TracFone's Application.

280-(E)(3) address the Commission's authority to require carriers to contribute to the state USF and the application of this requirement to CMRS providers seeking ETC designation.

ANALYSIS

For purposes of examining TracFone's request for designation as an ETC in South Carolina, the Commission will first address the legal arguments made by Counsel for TracFone and ORS regarding whether this Commission has authority, and if so whether this Commission should exercise that authority, to require TracFone to contribute to the State USF as a requirement of being designated as an ETC in South Carolina.

S.C. Code Ann. Section 58-9-280(E)(3) states that this Commission must require certain companies providing telecommunications service to contribute to the State USF. S.C. Code Ann. Section 58-11-100(E) states that this Commission may apply to commercial mobile service providers that have sought and received designation, and operate as ETCs, the same rules, requirements, or standards that are generally applicable to carriers that are subject to alternative regulation and operate as ETCs.

Section 58-11-100 entitled "Certificate of public convenience as prerequisite to construction or operation of system; applicability to commercial mobile service providers" (emphasis added) directly addresses providers of commercial mobile services and provides that the Commission's jurisdiction to require contribution to the State USF is unaffected. The General Assembly intended subsection (C) and (E) of Section 58-11-100 to provide the Commission the jurisdiction to regulate commercial mobile services providers that are ETCs or carriers of last resort ("COLRs") in the same manner as other ETCs and COLRs and ensured that the Commission retained authority to require said

commercial mobile service providers to contribute to the State USF if the Commission finds that they are competing with local telecommunications service providers in the State.

TracFone's main argument focuses on whether it is providing private local exchange services or radio-based local exchange services as specified in Section 58-9-280(E)(3). However, this Commission does not consider whether TracFone falls into one of these two categories as a prerequisite for Commission authority to require the Company to contribute to the State USF. The importance of the referenced section is this Commission was authorized by the General Assembly to require carriers that compete with local telecommunications services, regardless of type, to contribute to the State USF. Section 58-11-100 allows this Commission to require a CMRS provider to contribute to the State USF in the same manner required of all other ETCs. The Commission is granted the authority to require contribution to the State USF in the former statute and is then authorized in the latter statute to apply to CMRS providers the same requirements applied to other operating ETCs. Therefore, this Commission can require TracFone, a CMRS provider, to contribute to the State USF just as it requires all other ETCs, whether wireline or wireless, whether for purposes of Lifeline support only or Lifeline and High Cost support, operating in the state to contribute to the State USF.

Next, TracFone argues that even if this Commission has authority to require the Company to contribute to the State USF that it should not exercise that authority. TracFone claims that requiring it to pay into the State USF would "result in a double payment to support State universal service." However, as Mr. James McDaniel, witness for ORS, testified, TracFone has portrayed its Lifeline program, SafeLink Wireless, as a subsidized "free" service in which no revenue would be generated.

⁷ TracFone's Legal Memorandum. Page 4, lines 10,11.

If the service TracFone offers is a subsized "free" service there is no double payment to support state universal service.

The Company's witness testified that it would have to provide the additional \$3.50 per customer per month Lifeline support from its own resources. However, TracFone provided no evidence to support this claim. Without empirical data, this Commission cannot conclude that the Company would be contributing the \$3.50 it claims, therefore the claim that TracFone will be contributing twice to the State USF is unsubstantiated. Furthermore, other wireless carriers designated as ETCs by this Commission are also CMRS providers, and they are required to contribute to the State USF. Without compelling reason, to require other ETCs in this state to contribute but not require TracFone to contribute would be arbitrary and would put other ETCs at a competitive disadvantage. See Late-filed Exhibit No. 4. The Commission has approved competitive ETC status to three wireless companies. None of the approved competitive ETCs are Carriers of Last Resort meaning they are not eligible to withdraw support from the state USF fund. All are obligated to provide Lifeline and Link-Up services consistent with the orders issued by this Commission regardless of whether they file for and/or receive Federal Universal Service Support.

The Commission must consider the public interest requirement of Section 214(e)(2) of the Act. In its ETC Order, the FCC explains that state commissions must determine whether an ETC designation is consistent with the public interest, convenience and necessity:

Under section 214 of the Act, the Commission and state commissions must determine that an ETC designation is consistent with the public interest, convenience and necessity. The Commission also must consider whether an ETC designation serves the public interest consistent with Section 254 of the Act. Congress did not establish specific criteria to be applied under the public interest tests in section 214 or section 254. The public interest benefits of a particular ETC designation must be analyzed in a manner that is consistent with the purposes of the Act itself, including the fundamental

goals of preserving and advancing universal service; ensuring the availability of quality telecommunications services at just, reasonable, and affordable rates; and promoting the deployment of advanced telecommunications and information services to all regions of the nation, including rural and high-cost areas. Beyond the principles detailed in the Act, the Commission and state commissions have used additional factors to analyze whether the designation of an additional ETC is in the public interest.⁸

While Congress did not establish a set of criteria to use in determining whether the public interest standard has been met, the FCC noted that state commissions have used additional factors in their analysis - one factor being considerations of material harm. To grant TracFone competitive ETC designation without holding TracFone to the same State USF contribution requirements currently imposed on all other ETCs is to create an unlevel playing field and is materially harmful to other ETCs. TracFone argued that it could never be a Carrier of Last Resort ("COLR") and therefore to require TracFone to pay into the State USF is unfair. The purpose of the State USF is not to make TracFone whole. The purpose of the State USF fund is to ensure that South Carolinians (some of whom reside in remote, hard-to-reach areas of the state) have access to affordable local exchange service and it is a statutory requirement. TracFone by the very nature of its ETC designation will be competing directly and, by its own admission, heatedly with the other ETCs and local telecommunications providers in the market. Yet, TracFone has no facilities or employees in the State and it is the only ETC that has obtained a forbearance from the FCC's requirement to have facilities and not rely on pure resale. To grant TracFone ETC status without requiring payment into the State

⁸ In the Matter of Federal- State Joint Board on Universal Service, Report and Order, CC Docket No. 96-45 at ¶ 40 (rel. March 17, 2005).

⁹ Id. at footnote 111.

¹⁰ Certainly, if TracFone desired to, it could deploy facilities in the State and seek COLR designation. However, TracFone's business decision to deploy or not deploy facilities should not be the basis for our establishing unequal treatment between and among the ETCs. This Commission has clearly indicated that it is possible for a wireless ETC to seek COLR designation in the Universal Service Guidelines approved by its Order No. 2001-996.

USF and yet require other ETCs who have facilities and employees in the State to contribute to the State USF would not be in the public interest.

The requirement that TracFone contribute \$3.50 of its own funds in order to receive the full \$10.00 federal subsidy is imposed by the FCC, and as such, is outside the jurisdiction of this Commission. State USF fees will be imposed on TracFone's other services/revenues provided in the state in the same way they are imposed on all other ETC state revenues. As testified by ORS witness Mr. James McDaniel, this fee will be assessed at a level of approximately \$0.03 per dollar of assessable revenue generated by TracFone's South Carolina customers.

In addition to the statutory authority that allows this Commission to require TracFone to contribute to the State USF if designated as an ETC, this Commission has made it clear in previous orders that wireless carriers seeking ETC designation are required to contribute to the State USF. Order No. 2001-419, issued in Docket No. 1997-239-C, states that "...if a wireless carrier applies to this Commission for carrier of last resort or eligible telecommunications carrier status, such application would be considered a declaration of that carrier's intent to offer services that compete with local telecommunications services being provided in the State, and that carrier will be required, upon approval of the request for carrier of last resort or eligible telecommunications carrier status, to contribute to the State USF."

Furthermore, this Commission addressed the requirement of wireless carriers seeking ETC designation to contribute to the State USF in Order No. 2008-672. Referring to S.C. Code Ann. Section 58-9-280(E)(3), the Commission opined, "While we agree that the statute requires notice and hearing, we find that the issue contemplated by the statute to be addressed at such a hearing is

¹¹ Docket No. 1997-239-C. Order No. 2001-419 at ¶15.

whether there is local competition regarding the provision of private local exchange or wireless services, not whether the company at issue should contribute to the USF. In fact, the statute <u>requires</u> contribution to the USF once competition has been determined."¹²

It is important to mention that the purpose of the State USF is to ensure that consumers in rural communities continue to have access to affordable local telecommunications service. As consumers in urban or suburban communities choose to drop their local telephone service provided by the COLR and substitute service provided by an ETC like TracFone, the COLR loses some of the revenue that allowed it to provide service to its more costly rural customers. The State USF provides funding to the COLR, allowing it to continue providing affordable local telephone service to consumers in the rural and hard-to-serve communities.

This Commission considers the contribution of funds to the State USF as a requirement for all ETCs in this state. TracFone has requested unconditional approval of its ETC designation. As a matter of fact, the Company has stated that conditions, which include contribution to the State USF and reporting requirements, are irrelevant to a carrier's status as a designated ETC. The Commission finds such conditions to be important to the public interest and the preservation and advancement of universal service in the State and disagrees with TracFone's relevancy conclusions. Additionally, TracFone has made it clear through testimony, legal memorandum and legal argument that it does not believe this Commission has the authority to require contribution, nor does it intend to contribute to the State USF. In fact, TracFone's witness testified that if the Company is required to contribute to the State USF in order to obtain ETC designation, that the Company would not seek designation as an ETC in the State. With the Company's clear intention not to contribute to the State USF, this

¹² Docket No. 2008-299-C. Order No. 2008-672 at Page 2.

Commission considers TracFone's refusal a failure to comply with Commission and other statutory requirements. Therefore, we need not further our analysis of whether the Company meets any other federal or state requirements. To grant designation in a matter wherein the Commission is fully aware of the Company's intention not to comply with a requirement would be a failure to consistently enforce our rules, regulations and applicable laws. Additionally, approval would fly in the face of judicial economy. Without the commitment of the Company to contribute to the State USF which the Commission has determined to be in the public interest and applicable to other designated ETC carriers provisioning functionally equivalent services, this Commission must deny TracFone's request to be designated as an ETC in the state. It would be contrary to the public interest to grant a Company approval of a request, knowing that the Company does not intend to abide by Commission orders, rules, and regulations.

IT IS THEREFORE ORDERED THAT:

- 1. TracFone is not designated as an ETC in South Carolina.
- 2. Should TracFone decide that it will contribute to the State USF and comply with the Commission's order, rules, regulations, and statutory requirements, it may re-apply.
- 3. This Order shall remain in full force and effect until further Order of the Commission.

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BY ORDER OF THE COMMISSION:	
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	Elizabeth B. Fleming, Chairman
ATTEST:	
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John E. Howard, Vice-Chairman	-
(SEAL)	

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BEFORE

THE PUBLIC SERVICE COMMISSION

OF SOUTH CAROLINA

DOCKET NO. 2009-144-C

IN RE:	Application of TracFone Wireless, Incorporated		
	for Designation as an Eligible)	
	Telecommunications Carrier in the State of South)	CERTIFICATE OF
	Carolina for the Limited Purpose of Offering)	SERVICE
	Lifeline and Link Up Service to Qualified)	
	Households	,	

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **PROPOSED ORDER** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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Chrystal L. Morgan

September 24, 2009 Columbia, South Carolina